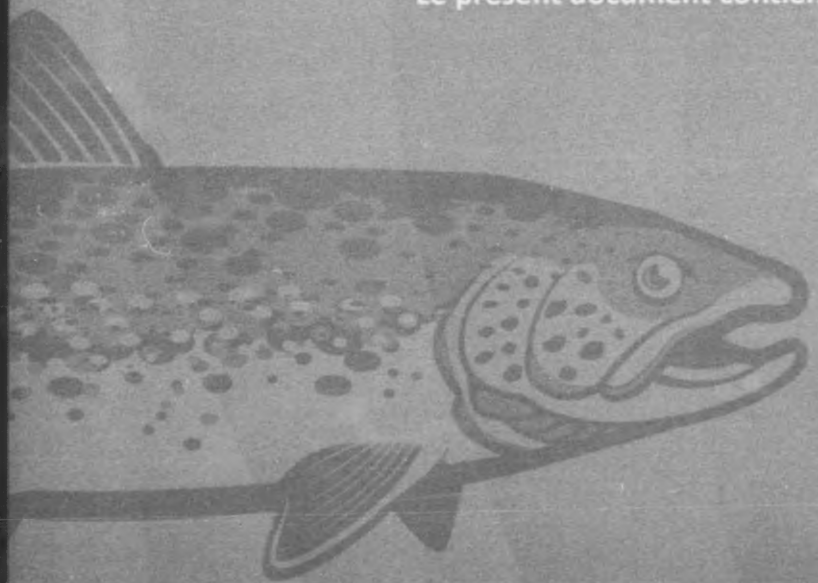
Strategy for Revitalizing the Great Slave Lake Commercial Fishery

March 2017

Stratégie de revitalisation de la pêche commerciale du Grand lac des Esclaves

Le présent document contient la traduction française du résumé.

mars 2017



Government of Northwest Territories
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English

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French

Kīspin ki nitawihtīn ē nīhīyawihk ōma ācimōwin, tipwāsinān.
Cree

Tłı̨chǫ yatı k'ę̀è. Dı wegodı newǫ dè, gots'o gonede.
Tłı̨chǫ

ʔerıhtł'ís Dëne Sųłıné yatı t'a huts'elkër xa beyáyatı theɔ́ą ɔat'e, nuwe ts'ën yółtı.
Chipewyan

Edı gondı dehgáh got'ı̨e zhatıé k'ę́é edatł'éh enahddhę nıde naxets'é edahłí.
South Slavey

K'áhshó got'ı̨ne xədə k'é hederı ɔedı̨htl'é yerınıwę nídé dúle.
North Slavey

Jii gwandak izhii ginjìk vat'atr'ijąhch'uu zhit yinohthan jì', diits'àt ginohkhìi.
Gwich'in

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqluta.
Inuvialuktun

ᑖᒃᑯᐊ ᑎᑎᖅᑲᐃᑦᐱᓕᒍᐃᕈᑦ ᐃᓄᒃᑎᑐᓪᓗᕆᓚᓂᖅ, ᐅᕙᑦᑎᓐ ᓄᑦᐅᖅᑲᓪᓗᓐᓇᖅᑐᑎᑦ.
Inuktitut

Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.
Inuinnaqtun

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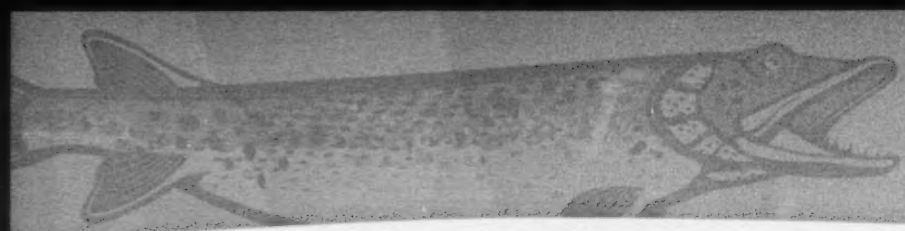

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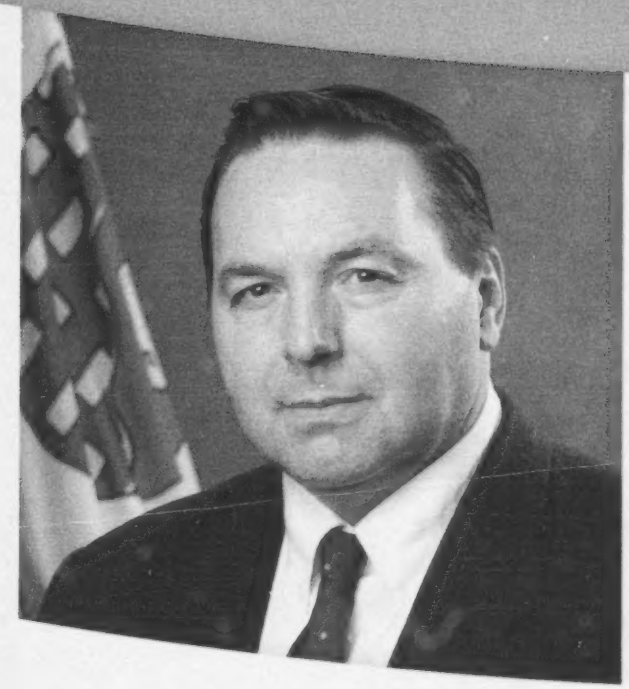
Message from the Minister / Message du ministre



The Government of the Northwest Territories is committed to the revitalization of the Great Slave Lake commercial fishery.

This Strategy outlines a course of actions and investments to re-establish this once-powerful sector – and, with strategic investments and actions, maximize opportunities to grow and diversify our economy, create jobs and advance greater food security.

The Strategy has been shaped by discussions and engagements with the NWT's long-valued commercial fishing community, with who the Department of Industry, Tourism and Investment will now work to set a new path for, and inject new energy into, the Great Slave Lake fishery.

Moreover, it is responsive to priorities identified by the 18th Legislative Assembly and supports recommendations set out in the 2013 NWT Economic Opportunities Strategy (EOS).

Rebuilding a commercial fishery won't happen overnight. New infrastructure, new entrants to the market and new ways of doing business will all be required.

But it is an investment that we believe can result in a sustainable industry, a renewed livelihood for fishers, greater community wellness, local food production, and added value to the NWT economy.

The Honourable Wally Schumann
Minister of Industry, Tourism and Investment

Le gouvernement des Territoires du Nord-Ouest est résolu à revitaliser la pêche commerciale dans le Grand lac des Esclaves.

Nous dégageons dans la présente stratégie un plan d'action assorti d'investissements pour rétablir ce secteur autrefois puissant. Ces investissements et ces mesures stratégiques visent en même temps à optimiser les perspectives de croissance, à diversifier notre économie, à créer des emplois et à atteindre la sécurité alimentaire.

La stratégie a été façonnée au fil de discussions et d'engagements auprès du milieu des pêches commerciales des TNO, dont la valeur n'est plus à démontrer, et avec lequel le ministère de l'Industrie, du Tourisme et de l'Investissement travaillera afin de tracer une nouvelle voie pour les pêches dans le Grand lac des Esclaves et d'y injecter de nouvelles énergies.

De plus, la stratégie répond aux priorités cernées par la 18e Assemblée législative et appuie les recommandations exposées dans la Stratégie de développement des possibilités économiques des Territoires du Nord-Ouest, diffusée en 2013.

La reconstitution de la pêche commerciale ne se fera pas du jour au lendemain. Il faudra une nouvelle infrastructure, de nouveaux arrivants sur le marché et de nouvelles façons de faire des affaires.

Par contre, c'est un investissement qui, à notre avis, peut générer une industrie durable, un gagne-pain renouvelé pour les pêcheurs et le mieux-être des collectivités, tout en assurant une production locale d'aliments et une valeur ajoutée à l'économie des TNO.

Wally Schumann,
ministre de l'Industrie, du Tourisme et de l'Investissement

Executive Summary

The need to revitalize the Northwest Territories (NWT) commercial fishery was first highlighted in the 2013 NWT Economic Opportunities Strategy (EOS), which identified the Great Slave Lake (GSL) commercial fishery as a priority opportunity to advance regional economic development and diversification.

Reinforced in the priorities of the 18th Legislative Assembly, the commitment was made in the 2016-2019 Mandate of the Government of the Northwest Territories (GNWT) to:

"...finalize and implement the Commercial Fisheries Revitalization Strategy to increase fish production, encourage and mentor new entrants to the Great Slave Lake fishery, negotiate an agreement with the Fresh Water Fish Marketing Corporation to access markets outside of NWT, seek federal funding to build a new fish processing plant in Hay River, and work with the Tu Cho Co-operative to promote and market fish caught in Great Slave Lake." (#1.2.4)

The GNWT recognizes that the NWT fishing industry faces many challenges. In the past decade, the NWT commercial export fishery has declined substantially. Production is less than half of historical levels. Rebuilding the Great Slave Lake commercial fishery will take time and investment.

The *Strategy for Revitalizing the Great Slave Lake Commercial Fishery* (Revitalization Strategy) describes steps, actions and investments, to be implemented over a five-year period, to restore the NWT's once-powerful Great Slave Lake commercial fishery.

It balances the need to develop and expand both NWT domestic and export markets for processed Great Slave Lake fish products (fresh and frozen filets).

To meet anticipated demand, a new or refurbished plant, compliant with federal fish inspection regulations, is proposed for Hay River.

The Revitalization Strategy considers seven focus areas:

- Add Value to the NWT Economy
- Expand the NWT Market for GSL Fish Products
- Restart the Remote and Winter Fisheries
- Increase Participation in the GSL Fishery
- Access Export Markets
- Align Subsidy Programs to the Revitalization Strategy's Goals
- Empower Fishers to make Decisions to Develop a Viable Fishery

Strategic challenges and risk factors are identified in the context of these areas and 25 recommended actions are presented in the interest of advancing four overarching strategic goals:

1. Increasing Lake Production
2. Increasing Processing in the NWT
3. Growing the NWT Market
4. Accessing Export Markets

Résumé

Le besoin de revitaliser la pêche commerciale des Territoires du Nord-Ouest (TNO) n'est pas un fait nouveau : il a été souligné dans la Stratégie sur les perspectives économiques des Territoires du Nord-Ouest de 2013, où l'on mentionnait la pêche commerciale dans le Grand lac des Esclaves en tant que perspective prioritaire pour servir le développement et la diversification économiques de la région.

Voici l'engagement pris dans le mandat du gouvernement des Territoires du Nord-Ouest (GTNO) 2016 à 2019, réitéré avec force dans les priorités de la 18e Assemblée législative :

« Nous finaliserons et mettrons en œuvre une stratégie de revitalisation de la pêche commerciale pour accroître la production de poissons, nous encouragerons et épaulerons les nouveaux arrivants dans le secteur de la pêche dans le Grand lac des Esclaves, nous négocierons un accord avec la Corporation pour la commercialisation du poisson d'eau douce afin d'accéder aux marchés situés à l'extérieur des TNO, nous demanderons du financement fédéral pour construire une nouvelle usine de transformation du poisson à Hay River, et nous travaillerons avec la Coopérative Tu Cho à la promotion et à la mise en marché du poisson pris dans le Grand lac des Esclaves. » (1.2.4)

Le GTNO reconnaît que l'industrie de la pêche des TNO a de nombreux défis à relever. Ces dix dernières années, nous avons observé, aux TNO, un déclin considérable des pêches commerciales pour l'exportation. La production est inférieure à la moitié des niveaux historiques. Il faudra du temps et des investissements pour reconstruire la pêche commerciale dans le Grand lac des Esclaves.

La Stratégie de revitalisation de la pêche commerciale dans le Grand lac des Esclaves (Stratégie de revitalisation) contient une description des étapes, des mesures et des investissements qu'il faudra consentir au cours d'une période de cinq ans afin de rétablir cette industrie autrefois puissante des TNO, à savoir la pêche commerciale dans le Grand lac des Esclaves.

La Stratégie met en équilibre la nécessité de développer et d'élargir les marchés intérieurs et d'exportation des TNO pour les produits de poisson transformés du Grand lac des Esclaves (filets frais et surgelés).

Afin de répondre à la demande prévue, nous envisageons pour Hay River une usine nouvelle ou modernisée conforme à la réglementation fédérale sur l'inspection du poisson.

La Stratégie de revitalisation porte sur sept axes :

- Ajouter de la valeur à l'économie des TNO;
- Assurer l'expansion du marché des TNO pour les produits de la pêche du Grand lac des Esclaves;
- Relancer les pêcheries éloignées et hivernales;
- Augmenter la participation à la pêche dans le Grand lac des Esclaves;
- Assurer l'accès aux marchés d'exportation;
- Harmoniser les programmes de subventions aux objectifs de la Stratégie de revitalisation;
- Donner aux pêcheurs les moyens de prendre des décisions afin de développer des pêches durables.

Nous dégageons les défis stratégiques et les facteurs de risque dans le contexte de ces domaines et présentons les 25 mesures recommandées pour atteindre nos objectifs stratégiques principaux :

1. Augmenter la production du lac;
2. Accroître la transformation aux TNO;
3. Assurer la croissance du marché des TNO;
4. Faciliter l'accès aux marchés d'exportation.

Revitalizing the Great Slave Lake Fishery

Vision

The long-term vision for the GSL commercial fishing industry is to work with stakeholders to maximize the economic value generated from GSL fish resources and to provide for the transformation of the GSL commercial fishery to a market driven fishery, producing fresh and frozen fish filets for markets within the NWT and other allowable markets that may be found outside the NWT.

Principles

The Strategy is based on the following principles:

- Long-term financial and resource sustainability;
- Capital investment and resource allocation decisions being made for the collective benefit of the fishery as a whole;
- Optimal value-added to the NWT economy from the use of GSL fish resources;
- Cooperation between and among fishers to maximize efficiencies gained by aligning production, processing and marketing cycles;
- Specialization to achieve excellence in production, processing and service to customers;
- Protection of existing fishers;
- Continued commitment to providing safe and high quality fish and fish products; and
- Pricing reflective of higher costs of operating in the remote region.

Scope

The Strategy addresses the interrelationship between social, technical, food safety and economic issues occurring through the lifecycle of GSL fish products from lake to market.

History and Context - Three Generations of the Great Slave Lake (GSL) Fishery

The Revitalization Strategy lays out the foundation for the "third generation" in the evolution of the Great Slave Lake commercial fishery.

1st Generation 1945-1969

Commercial fishing in Great Slave Lake started in 1947 when the McInnis Products Corporation moved their operations from Lake Athabasca to Great Slave Lake. They moved their barges to Gros Cap to receive fish from private fishers. The fish were fileted and/or dressed and shipped in refrigerated barges up the Slave River to Waterways, Alberta (now Fort McMurray).

2nd Generation 1970-2015

With the introduction of the *Freshwater Fish Marketing Act*, the Freshwater Fish Marketing Corporation (FFMC) took over the management of the commercial fishery in 1971. A new Hay River fish processing plant, designed to filet/freeze fish for direct sale, became the hub for receiving and processing fish for the FFMC's Winnipeg plant. Eventually, the fileting operation was shut down and the plant's operation was restricted to receiving, repacking and exporting fish to FFMC markets.

3rd Generation 2016-2021

The commercial management of the fishery will be transferred to a fisher-owned cooperative. The cooperative will process (filet) fish for NWT and export markets. The FFMC will continue to receive fish surplus from the plant's processing capacity and, under an agreement with the cooperative, allow exports of processed fish outside the NWT. The plant would operate in both the winter and summer seasons.

The First Generation (1945-1969)

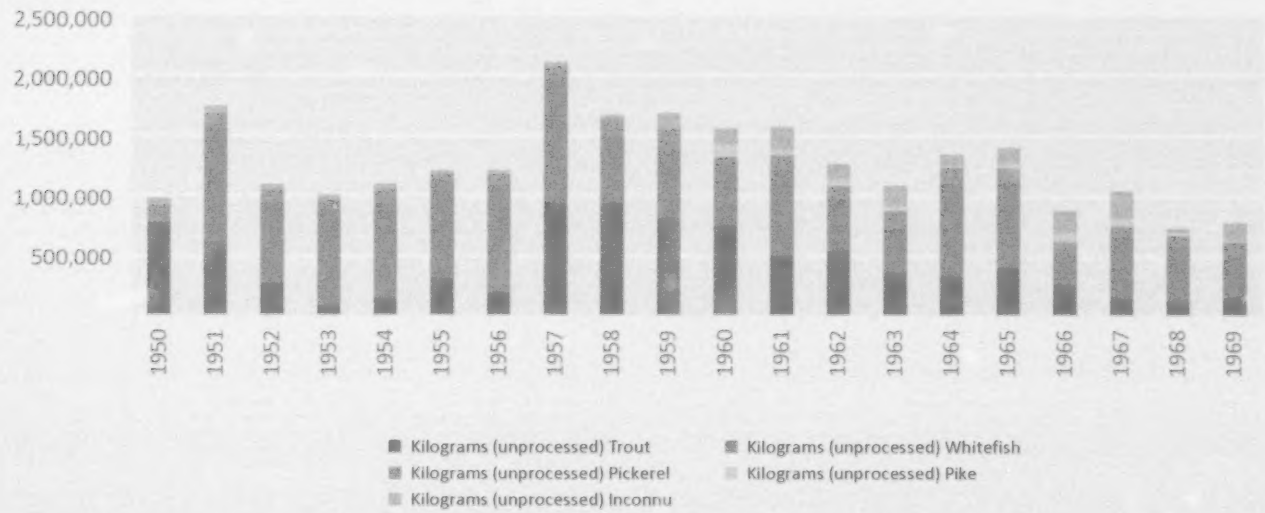
Private Brokers Market Great Slave Lake Fish

The first quota (4.1 million kilograms) was established for Great Slave Lake in 1949. It remained in effect until 1971, when it was reduced to 2.26 million kilograms. Since then, the lake quota has been changed several times, reaching a low of 1.5 million kilograms. The quota increased to 1.72 million kilograms in 1990/91 and remained in effect for almost 20 years. The current quota is 1.68 million kilograms.

Annual production of all species peaked in 1949, with over 1.85 million kilograms being harvested, and then again in 1957 at over 2 million kilograms. Throughout the '50s and '60s production varied between 2 million and 750,000 kilograms, as shown in Figure 1.

Until 1970, as many as 14 private fish buyers worked with fishers to collect, process and transport fish to meet market demands. Most buyers were from the south and established stations on barges at various locations to receive and prepare fish for transport. They sold directly to wholesale and receiving markets. Several processors fileted fish in the NWT.

Figure 1: GSL Production (Kilograms)



Source: Yaremchuk, Roberge, McGowan, Carder, Wong and Read, *Commercial Harvests of Major Fish Species from the Northwest Territories 1945-1987*. July 1989

The Second Generation (1970-2015)

FFMC Takes Over the Great Slave Lake Fishery

Concerns about low prices, wastage and quality control led the federal government to establish the McIvor Commission in 1968 to look for solutions for the management of commercial fisheries in Manitoba, Saskatchewan, Alberta, northern Ontario and the Northwest Territories.

The Commissioner's recommendations were accepted and the *Freshwater Fish Marketing Act* (FFMA) was enacted. The FFMA effectively transferred responsibility for managing the commercial fishery to the Freshwater Fish Marketing Corporation (FFMC). As part of this takeover, FFMC built a processing plant in Hay River as the hub of its operation for the Great Slave Lake, as shown in Figure 2.

The 1971 takeover by FFMC injected new energy into the fishery and production climbed steadily toward 1.5 million kilograms. Subsequently, several factors contributed to a steady decline in catches. The high production cycle that began in the early-'90s and continued to 2002 can be directly attributed to the US/Canadian exchange rate, which saw the Canadian dollar fluctuate between 67 and 85 cents US.

By 2009/10, production reached a low point of 258,000 kilograms, as shown in Figure 3.

Factors that contributed to the decline other than the exchange rate included, but were not limited to:

- FFMC's closure of the lake receiving stations;
- Changes in federal government policy regarding how and to what extent the industry is subsidized;
- Aging fleet owners, boats and equipment;
- Market competition; and
- Prices to fishers not keeping up with the cost of operations.

While important individually, the cumulative effect of these changes was to reduce fishers' incomes as the prices paid to fishers did not keep up with increases in the cost of fishing.

Figure 2: Hay River Fish Processing Plant

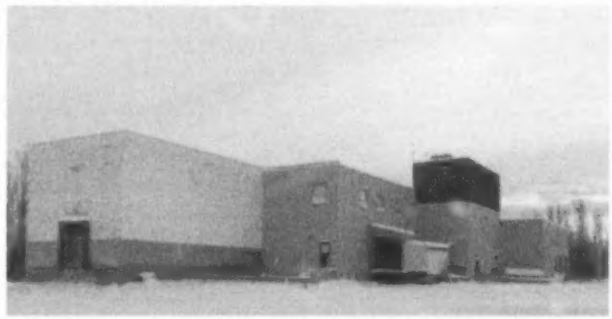
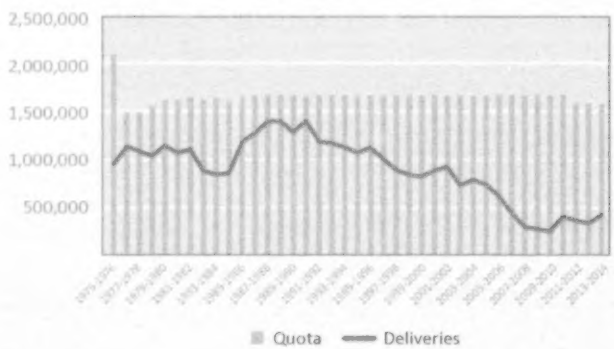


Figure 3: Great Slave Lake Production 1976-2014



The Third Generation (2016-2021)

Revitalization of the Fishery

By 2010, it became clear that if things did not change, commercial fishing on GSL would not continue. Two separate initiatives were undertaken to begin the search for solutions.

The Senate's Standing Committee on Fisheries and Oceans established a committee to examine issues and opportunities relating to the management of the fisheries in the Arctic and Mackenzie regions. In May 2010, the Committee recommended:

That the Department of Fisheries and Oceans, in concert with fishery stakeholders, including the NWT Fishermen's Federation, the Great Slave Lake Advisory Committee and the Government of the Northwest Territories, formulate and fund a comprehensive strategy to revitalize the commercial fishery on Great Slave Lake. The plan should facilitate the entry of young Aboriginal fishers who may be attracted to the industry as a way of preserving a traditional way of life.

In 2013, the Minister of Industry, Tourism and Investment established an Advisory Panel to investigate unrealized potential for diversifying and growing the economy. The resulting NWT Economic Opportunities Strategy (EOS), identified the Great Slave Lake Commercial fishery as a priority opportunity in meeting the GNWT's economic objectives.

The EOS laid out a number of initiatives aimed at realizing GSL's potential. These are described in recommendations 62 to 66 of the report and are summarized below:

- Provide financial support to leverage funds needed to construct a new [or refurbished] fish processing plant;
- Expand the export and domestic market of GSL fish;
- Promote opportunities for value-added manufacturing of fish products;
- Provide incentives to fishers to increase productivity; and
- Provide training and support to existing fishers and new entrants.

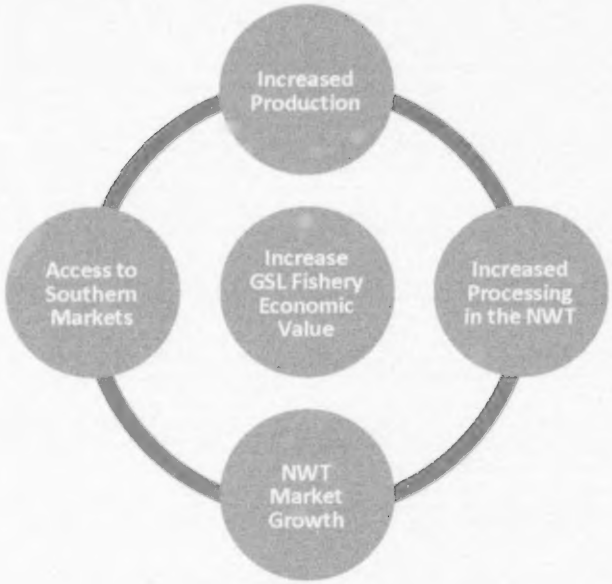
The GNWT Department of Industry, Tourism and Investment (ITI) commissioned the Strategy development as well as a business plan and conceptual design for the Hay River fish plant.

Strategic Goals

1. Increasing Lake Production

The goal of the Revitalization Strategy is to bring production back to historical levels by increasing production from 420,000 kilograms in the summer of 2013 to 1.3 million kilograms (unprocessed) annually by 2021. The decline in production, shown in Figure 3, is influenced by the underlying imbalance between fisher returns and the operating cost structures of GSL fishers. To illustrate the effect of lost fisher income, in the summer of 2014, FFMC's summer price paid to fishers for medium whitefish was $2.16/kg. If the 1979 prices were adjusted to reflect the cost of living index, the equivalent price in 2014 would have to be $2.93/kg. Higher prices will be necessary to compensate fishers who fish in the winter season and in the remote areas of GSL. Another key to maintaining production will be assisting outgoing fishers to transfer assets to new entrants.

Figure 4: Strategic Goals



2. Increasing Processing in the NWT

Under the Revitalization Strategy's plan, 40 per cent of GSL production will be targeted at the NWT market. The NWT market requires GSL fish to be processed as either frozen and/or fresh filets. Currently, independent fishers are operating at close to full capacity. The independent fishers operating out of Hay River and Yellowknife serve approximately 15 per cent of the potential residential market. Growth in the NWT market will depend on the Hay River fish plant having the ability to meet the following requirements:

- Capacity to process large and custom orders: For larger retail chains, event planners and industrial customers, domestic suppliers will have in-place supply chains able to adapt to seasonal transportation schedules, transportation subsidies and holding capacity.
- Capacity for processing/freezing: Fishers are able to deliver products for only 10 months of the year. Processors will need to be able to hold product in frozen form for up to six weeks.
- Compliance with the Canada *Fisheries Inspection Act*: Certain retail chains, institutions and industrial customers require federally inspected products.

Per-unit fixed costs decline as volume increases. Building a lower capacity plant to serve only the NWT market could increase the price for NWT filets and impact sustainability.

Financial analysis was undertaken to compare performance of various conceptual designs.

This analysis led to two options being discarded because of a greater potential for losses. These included:

- Hand fileting of fish for both the NWT and export market. The higher costs of labour and the difficulty in maintaining a flexible work force, which can adjust to various levels of production, make it necessary to automate as much as possible.
- A hybrid option where fish for the NWT market would be fileted and fish intended for the export market would be sent to Winnipeg in unprocessed form. This would necessitate maintaining two production lines.

Conceptual plans were developed for three options:

1. Re-packing and delivering all fish to FFMC in Winnipeg in unprocessed form. The fish would be sold directly to FFMC, and FFMC would provide a "packing allowance".
2. Processing all fish into filets using majority automated equipment. Fresh and frozen filets would be sold directly into the NWT and export markets.
3. Processing all fish in filet form, plus maintaining a second production line for value-added product. Fresh and frozen filets would be sold directly into the NWT and export markets.

The Revitalization Strategy is based on option two. Option three has higher sales, but profits are projected to be lower. The second option is preferred because it simplifies production and administration for sales by reducing the number of products and reduces market risk.

3. Growing the NWT Market

The target for the NWT market is 234,000 kilograms (processed). This represents 40 per cent of total lake production.

The NWT market offers two advantages over the export market:

- Higher prices – The business plan projects average prices to fishers for unprocessed fish at $5.20/kg in the northern market, compared to $2.45/kg for the export market.
- Price stability – The export price is directly affected by the US/Canadian exchange rate. The domestic price in the NWT tends to be more stable between species and between winter and summer.

4. Accessing Export Markets

If all GSL fish are fileted in the NWT, it will change the way GSL fish get to the export market. Instead of all fish being sold outside the NWT in unprocessed form, for processing at the Winnipeg plant, fresh and frozen filets would be sold directly to export customers from the Hay River fish processing plant. Under the FFMA, all fish destined for markets outside a member's jurisdiction must be sold through the FFMC.

Two exceptions to the FFMC monopoly are provided in the legislation:

- A Board-approved Export License – Under the FMA, the FFMC Board may make by-laws providing for the issuance of export licences by the Corporation and prescribing the form and the terms and conditions to be set out in those licences to a participating jurisdiction to allow sales outside the jurisdiction.
- An Order-in-Council Exemption – The FMA empowers the Federal Minister to make regulations to exempt fish products from the FFMC monopoly, either in general terms or for a specified period, any species of fish, any area or region in a participating province or any transaction, person or class of transactions or persons.

Under the proposal being discussed with FFMC, ITI is proposing:

- FFMC purchase fish filets from the Hay River Fisher's Co-op for delivery in fresh or frozen form for sale to FFMC's customers in the south; and
- Exemptions be provided to allow the Tu Cho Co-op to serve southern markets not currently serviced by the FFMC, to be identified during market research.

Based on the business plan, the Hay River Fish plant will have a designed capacity to process 8,000 kilograms (unprocessed weight) per day. The plant would operate on a 22-day schedule per month.

It is expected that there will be times when the volume of fish delivered to the plant exceeds its processing capacity. In August 2013, GSL fishers delivered 212,000 kilograms to FFMC, which on a 22-day cycle, would correspond to 9,600 kilograms per day. In these instances, surplus unprocessed fish would be sent direct to the FFMC for processing and sale.

The Strategy includes several initiatives aimed at levelling out deliveries over the course of the year to align processing and production cycles.

Table 1 shows the projected annual production for year five of the business plan. The priority will be given to meeting domestic orders to support demand for northern food, indirect economic benefits to local economies and higher prices to fishers. Export sales to FFMC customers will be based on FFMC's listed prices. The Hay River plant would pay a sales commission to FFMC to cover marketing and sales expenses. Export prices to non-FFMC customers will vary depending on market conditions.

The proposed five-year agreement with FFMC will become an important safety net to absorb surplus product and to allow the Tu Cho Co-op and Executive Director to gain experience on the administrative end.

Table 1: Year 5 Production Schedule (Proposed) and Domestic and Export Deliveries

Dressed Weights (kilograms)

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Whitefish	61,778	131,501	125,335	76,822	29,769	7,330	44,305	44,043	52,580	57,847	26,905
Pickerel	2,833	6,030	5,748	3,523	1,365	336	2,032	2,020	2,411	2,653	1,234
Pike	1,806	3,875	0	2,246	870	214	1,295	1,295	1,537	1,691	787
Trout	9,375	19,957	19,021	11,659	4,518	1,112	6,724	6,724	7,980	8,779	4,083
Inconnu	7,088	15,045	14,339	8,789	3,406	839	5,069	5,069	6,016	6,618	3,078
NWT Sales	29,487	29,487	29,487	29,487	29,487	29,487	29,487	29,487	29,487	29,487	29,487
Export Sales	53,393	146,921	138,641	64,337	0*	0*	29,938	29,664	41,037	25,214	0*
Total Plant Deliveries	82,880	176,408	168,128	103,039	39,928	9,831	59,425	59,151	70,524	77,588	36,087

*The data from Table 1 is taken from the average monthly production during the three year period from 2003/04 to 2005/06. The winter fishery closed in 2007. In freeze/thaw season, when production slows, frozen fish is held for the NWT market, as the NWT market provides a higher premium; during full-time operations, surplus product is exported again. The month of May (not shown in the above table) is not anticipated to have any plant deliveries or export sales, but NWT sale of frozen fish is anticipated to be 29,487 kilograms unprocessed.

Strategic Challenges

To meet the goals of the transformation, the following challenges will need to be addressed:

Ensuring Long-term Economic Sustainability

The withdrawal of GSL fishers from the industry over the last two decades is symptomatic of an underlying imbalance between returns and the GSL fishers' operating cost structure. Adding more entrants by itself will not address this imbalance. To achieve the Strategy's production targets and to meet the market requirements for continuous supply it will be necessary to harvest fish resources in the remote areas and during the winter season. Operators fishing in the winter season and in the remote areas will need to be compensated by higher prices.

Optimizing Production Scheduling

Management of plant deliveries will be needed to avoid exceeding the plant's processing capacity and to maximize market returns by selling when prices are the highest.

Acquiring Data to Improve Financial and Operational Decision-making

Capital investment decisions relating to the expansion and operation of lakeside infrastructure require verifiable financial data on the cost of production and the cost of transporting fish to packing plants.

Managing "Seller's Risk" as the GSL Commercial Fishery Transforms to a "Market-driven" Industry

The passage of the *Freshwater Fish Marketing Act* (FFMA) and the creation of FFMC virtually eliminated fishers' selling risk. In 2013/14, over 85 per cent of all of the fish caught from GSL was sent to FFMC's Transcona Plant in Winnipeg, Manitoba. The new "entrepreneurial" fishers accept the risk of over or under production when market demand changes. Even though the majority of NWT-based fishers' sales occur at current levels of production, the "selling risk" is limited, as demand normally exceeds production.

The supply of unprocessed (whole or dressed fish) and processed fish (such as fresh and frozen filets) will increase as new entrants come into the fishery and existing fishers increase production. Increasing the supply of fish will increase competition amongst fishers in selling to existing and new customers. Without market expansion, increased production and competition will lower prices and increase differentiation in terms of service, quality, packaging and product branding. Competition will also create pressure on the closest fish stocks and may force the less efficient fishers to get out of the industry.

Prices earned by fishers selling to local markets are approximately three to four times higher than those received from FFMC.

Ensuring Orderly Succession in Leadership and the Transfer of Assets from One Generation to the Next

Many of the NWT fishers and the "new entrants" from Alberta are expected to retire in the next decade. This creates both opportunity for the future of the industry as well as a short-term challenge.

In the short term, encouraging northerners and Aboriginal persons to enter the fishery and the relocation of new fishing assets from Alberta to Great Slave Lake will boost lake production by as much as 20 per cent. Based on Alberta "entrant" surveys, it is expected that production from the new entrants will top out at 250,000 kilograms over a summer season.

Most of the existing fishers operate under a centralized FFMC system that does not reward business acumen and risk taking. The FFMC system provides certainty in regard to price, will accept all fish delivered and guarantees payment. The current system removes much of the administrative burden in maintaining financial records. To operate in a market-driven industry, GSL fishers will need to be able to manage their operations to provide a continuous supply of fish to the plant, adhere to accepted quality control and waste management standards, and upgrade their administrative and financial skills.

A new generation of fishers will bring new energy and willingness to adopt new ways of doing business, and be able to maintain financial and production records needed to make good business decisions.

Getting Access to Markets South of the 60th Parallel

It is expected that full penetration in the domestic market (independent fishers' sales and the Hay River plant) will be achieved around 540,000 kilograms unprocessed or 475,000 kilograms processed. This is approximately 42 per cent of the production targets established under the Strategy. A new streamlined, federally inspected plant in Hay River is needed to produce products compliant with federal inspection regulations for market in southern Canada. It is expected that the new plant in Hay River can be competitive with the FFMC's Winnipeg plant because of:

- The costs associated with transporting fish to the Winnipeg plant;
- Suboptimal operational efficiencies because the Winnipeg plant is oversized and requires major investment in repairs and equipment;
- Increasing market demand for fresh product through branding; and
- The FFMA restricts participating jurisdictions from selling outside their boundaries, but allows for exemptions that will enable participating jurisdictions to sell direct to customers outside their jurisdiction.

Establishing Collaborative Processes Enabling Fishers to Provide Meaningful Input to Decisions to Develop a Viable Fishery

Presently, FFMC and DFO control resource and pricing decisions. Collaborative approaches are needed to build a shared vision and values that will guide the commercial development of the fishery in the long term. The success of the Strategy depends upon a willingness of fishers to accept Individual Production Targets (IPT), and a pricing formula tied to the cost of production and prevailing market conditions.

Protection for Existing Independent Fishers' Sales

Emerging fishers are small-scale, entrepreneurial and independent – serving only local markets. Production decisions are made daily. Their operations generally are not scalable and they have limited capacity to receive or process fish from other fishers. One operator in Hay River has emerged as the dominant player.

There is little coordination between independent fishers to meet large custom orders. Incentives to upgrade processing capacity will be needed to enable fishers to meet anticipated demand. Surveys of independent fishers indicate that there may be resistance to fish being sold into Hay River and Yellowknife from a government-assisted plant in Hay River.

Current Subsidy Programs are not Tied to the Strategy's Goals

Current subsidies act as participation incentives. Because the subsidies are "front-end" loaded, they may be important at lower levels of production, but become less important as production increases. Subsidies need to complement pricing strategies to reflect differences in the cost of production between the summer and winter seasons and remote areas. Subsidies should act as incentives for fishers in ways that contribute to the development of the industry and should not create dependency.

Focus Areas

Seven focus areas are necessary to accomplish the Strategy goals. These areas are expanded on under the "Key Focus Areas for Revitalization" section of this document.

1. Add Value to the NWT Economy

At the targeted levels of production, it will be necessary to make significant investments to upgrade processing capacity and to re-establish lakeside collection infrastructure.

2. Expanding NWT Market for GSL Fish Products

Prices earned by privately operated fishers for GSL fish products sold in the NWT are considerably higher than for those being sold to FFMC. Growing the NWT market will provide the best return on investment.

3. Restart the Remote and in the Winter Fisheries

Previous consultation shows that most fishers feel that, due to higher costs of operation, they did not make money in the winter fishery. Interviews with fishers suggested most fishers would be willing to move operations to the remote zones if an incentive program were developed to offset the higher costs of remote zones and curb-season fisheries.

4. Increase Participation in the GSL Fishery

It is expected that GSL production in the summer fishery could expand by over 200,000 kilograms to 600,000 kilograms (unprocessed weight). New equipment may be required to start up the winter fishery. It will also be necessary to replace fishers who intend to leave the fishery in the next five years and provide assistance to new entrants.

5. Access Export Markets

Even at full penetration in the NWT market, there will still be almost 500,000 kilograms (unprocessed weights) that will need to be exported either in unprocessed form or as fresh and/or frozen filets. The FFMA allows for exemptions that will allow the NWT to serve markets outside the territory directly.

6. Align Subsidy Programs to the Revitalization Strategy's Goals

The current production incentive program is universally applied, and promotes participation, but not production. This will need to be re-evaluated in order to encourage production.

7. Empower Fishers to make Decisions to Develop a Viable Fishery

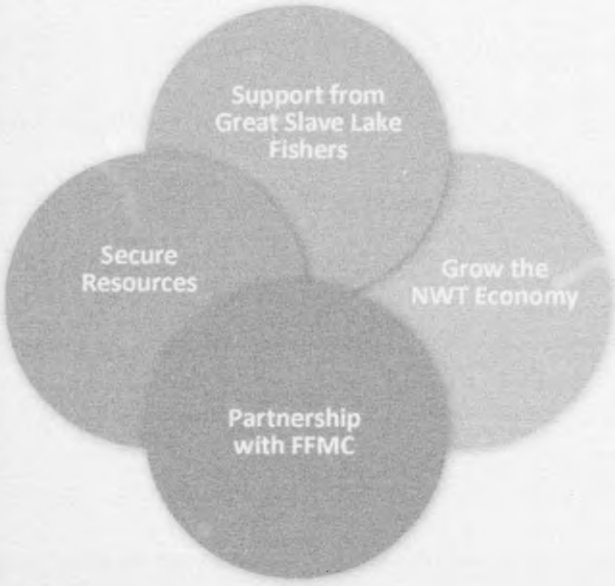
The Northwest Territories Fishermen's Federation (NWTFF) will need to be consulted on setting production targets for individual members as well as capital infrastructure investments planned for the fishery. The NWTFF was asked to set a production target of $1.2 million by ITI, which they achieved in 2016. ITI and the NWTFF have discussed creating a Memorandum of Understanding, and keep each other informed in order to facilitate a productive relationship and a partnership in developing and implementing this Strategy.

The business arm of the NWTFF, the Tu Cho Co-op, has been incorporated. The NWTFF should be asked to nominate representatives to the cooperative's Board of Directors, supported by an Executive Director, and allow management to operate in accordance with standard business practices.

Framework for Success

For the Revitalization Strategy to succeed, four key conditions must be met.

Figure 5: Key Conditions for Revitalization of the GSL Fishery



Support from GSL Fishers

Under the Revitalization Strategy, GSL fishers will be required to increase overall production and to schedule deliveries to meet plant processing capacity and market demand. This will require restarting the winter fishery and harvesting quotas in the remote DFO management areas of the lake. A target of 35 per cent of total production is established for the winter season. The Strategy proposes a program to incentivize fishers to schedule production to align with the processing capacity of the Hay River fish processing plant.

Great Slave Lake is divided into six administrative zones, as shown in Figure 6. These zones were set in the 1970s by the federal Department of Fisheries and Oceans (DFO). The NWTFF has expressed interest in re-zoning the lake, which, if they wish to pursue, would be recommended by the Great Slave Lake Advisory Council (GSLAC) to DFO for their consideration. The Strategy uses the current zoning areas for Great Slave Lake, although the GNWT is amenable to re-zoning and will work within GSLAC's recommendations if they are proposed.

Figure 6: Administrative Areas of the GSL Commercial Fishery

Source: Department of Fisheries and Oceans (Government of Canada).

Areas II and V are considered remote areas because fish cannot be delivered to the plant on a daily basis. If no quota is taken from these zones the maximum production from the remaining zones is around 1 million kilograms (unprocessed weight). To achieve production targets while keeping within quotas will require harvesting from the remote zones. Production targets for each of DFO's management zones are shown in Table 2.

Table 2: Production Targets and Quotas

	DFO		Target Production (kgs)	
	Quotas	Per cent Quota	Weight (unprocessed, whole)	Weight (uprocessed, dressed)
Area I E	227,300	95 per cent	215,935	179,226
Area I W	318,200	95 per cent	302,290	250,901
Area II	318,200	95 per cent	302,290	250,901
Area III	45,500	90 per cent	40,950	33,989
Area IV	409,100	80 per cent	327,280	271,642
Area V	363,600	24 per cent	86,255	71,592
Total	1,681,900		1,275,000	1,058,250

Lower production quotas are proposed for area V because of a different species mix for area V (trout make up a higher percentage of total catch) and because of the greater distance to the Hay River processing plant.

Partnership with FFMC

Previously, the FFMC operated packing stations in areas II, IV and V. When these packing stations closed fishers moved out of these zones. Cooperation will be required with GSL fishers to set up a collection system to bring fish from these zones to the Hay River Plant. These would include packaging stations near Yellowknife and Fort Resolution.

The proposed partnership agreement with FFMC will allow sales of fresh and frozen filets outside the NWT. The agreement will provide an important "safety net" during the transition period. FFMC markets fish around the world, and has the capacity to hold inventory to manage supply and demand fluctuations. In FFMC's Winnipeg plant, when fish from the packing stations are received they are either frozen for later processing or processed, packed and sent directly to customers. The Hay River plant will have minimal capacity to freeze and hold unprocessed fish for later processing. When necessary, the Hay River plant will freeze and hold processed fish using refrigerated trucks for a limited period of time. As a participating member of the FFMA, the FFMC is required to purchase all fish offered for sale. Under the proposed agreement, FFMC would purchase fresh or frozen filets that are surplus to the domestic needs of the NWT and ship direct to FFMC's customers from the Hay River plant. When deliveries exceed the processing capacity of the Hay River plant or when the Hay River processing plant's capacity to hold inventory fish is exceeded, surplus fish would be sent to FFMC's Winnipeg plant as is done currently.

Accessing Funding Sources

Capital funding from government will be required to replace or upgrade infrastructure and to implement programs designed to build a sustainable industry. The funding program is provided in Table 3 and detailed capital expenses for the Hay River fish plant are provided in Table 4.

Table 3: Proposed Funding Program

Use of Funding	$
Strategy Implementation	$175,000
NWT Fish Brand	$150,000
Market Development (NWT)	$120,000
Market Development (Export)	$85,000
South Plant	$2,595,000*
Expansion of North Side/Fort Resolution Processing Capability	$400,000
Revitalization of Remote and Winter Fisheries	$70,000
Hay River Plant: Operational Planning/ Management Support	$350,000
Fisher Intern Program	$350,000
Transfer of Fishing Assets (revolving fund)	$255,000
Performance-based Price Structure Bonus	self-funded
Contingency	$280,000
Total	$4,830,000

*This estimate may be subject to change based on whether the refurbishment of the Hay River fish plant is deemed to be more economically feasible than new construction.

Table 4: Proposed Capital Expenses: Hay River Fish Plant

Initial Capital Expense	$
Engineering and Design	200,000
Refurbishment*	1,000,000*
Equipment	1,200,000
Contingency	195,000
Total	$2,595,000

*This estimate may be subject to change based on whether the refurbishment of the Hay River fish plant is deemed to be more economically feasible than new construction.

The Tu Cho Co-op, the business arm of the NWTFF, has already applied to the Canadian Northern Economic Development Agency (CanNor) for funding to undertake the construction or refurbishment of the Hay River fish plant, using $1.41 million from the GNWT to leverage this contribution.

The assumptions made in preparing the projections are:

- FFMC will transfer land at no cost.
- No major environment hazard/geotechnical issues are uncovered during the due diligence stage.
- FFMC agrees to a five-year transition agreement that will allow the GSL Fisher's Co-op to supply customers directly.
- Canadian Northern Economic Development Agency (CanNor) funding application is approved.
- Twelve per cent loss due to dressing (the viscera and head comprise approximately 12 per cent of a fish's weight).
- Sixty-five per cent processing yields from dressed to filets (the filets comprise approximately 65 per cent of a fish's dressed weight).
- The winter and remote fisheries will be revitalized.
- A processing capacity of up to 10 fish per minute.
- Implementation of an acceptable and cost-effective collection system for remote fisheries.
- Working capital or line of credit of $225,000 is in place.

It is expected that sales in the first year would be lower because it would be considered a "test year", with sales primarily in the summer. A test winter fishery would be conducted in 2017 to establish cost of production premiums for operating in the winter and remote zones and to test collection systems (packing stations). In year five, the plant would be operating near capacity and quota utilization from the designated zones would be over 90 per cent. Sales in year five are anticipated to approach $5 million.
Fifty per cent of net profit is to be redistributed to fishers in the form of bonus payments for fishers participating in an Individual Production Target (IPT) program. Subscribers to the IPT program will be assigned monthly targets based on processing capacity and market demand. IPT subscribers will receive bonuses for meeting targets. Production from existing fishers will be expanded in response to this incentive.

Grow the NWT Economy

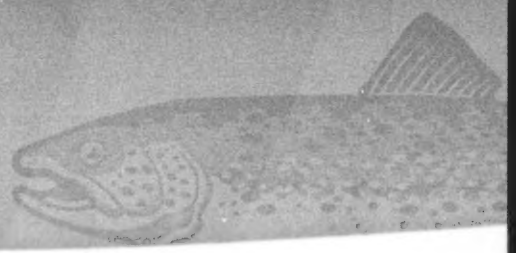
Public investment is critical to the success of the Revitalization Strategy. It is important that government investment in the development of a sustainable fishery provides added value to the NWT economy. Table 5 shows the economic impact analysis of the Strategy.

Table 5: Analytical Metrics

Economic Indicators	2013/14	2020/21
Volumes		
Exports (Whitefish and Trout) in 2013/14 – (000s kg)	419	491.4
Domestic Consumption – (000s kg) (unprocessed)	35	358.7
Value		
Exported Unprocessed Fish (FFMC)	$817,000	$1,739,187
NWT – Hay River Plant		$3,127,122
NWT – Independent fishers	$210,000	$600,000
Total Sales	$1,027,000	$5,110,880
Fishers' Earnings	$885,250	$2,470,013
Direct Employment – Persons Directly Employed in the Fishery (jobs)	34	81
Indirect Employment (jobs)	7	15
Average Fish Price (all species)	$1.95	$2.95
Average Earnings/Licensee	$15,531	$30,122
Indirect Benefits		
Plant – Processor Workers Earnings	$75,000	$527,971
Plant Management Earnings	$25,000	$496,725
Operational Expenditures	$25,000	$631,378
Total Indirect	$442,625	$1,656,074
Induced Impacts	$28,205	$329,171
Total Economic Impacts	$1,356,080	$6,155,842

The Revitalization Strategy provides for an annual benefit of over $6 million dollars to the NWT Economy. A 2001 input-output analysis undertaken in the fishery sector for British Columbia suggested that every 1 dollar invested contributes an additional $0.41 to the GDP, $0.27 to household income and $0.06 to tax revenues.

Risk Factors



Supply Risk

Viability for the commercial fishery depends upon fishers being able to meet established production targets and plant production schedules. Under the Revitalization Strategy, five-year production values will more than double current GSL production. The targets are utilization of 95 per cent of quotas from areas IE, IW, II, III and IV. In a market driven environment it is essential to provide for continuity of supply.

In 2013, GSL fishers sold 419,000 kilograms of unprocessed fish to FFMC in the summer. This represented 75 per cent of the production target included in this Strategy. Production in the month of August exceeded the projected monthly target production by 25 per cent.

Exceeding targets has a similar effect to falling short of targets on fisher earnings. The plant will have a designed processing capacity of up to 8,000 kilograms per day. Average daily production under the business plan is projected at 8,000 kilograms per day. The plant is not designed to hold large volumes of frozen fish. Refrigerated reefer trucks will serve storage needs as required.

Market demand and prices are highest in the winter time. The business plan has projected 65 per cent of the fish to be caught in the summer. Most of the product in the winter will go to the high-yield domestic markets. Existing new fishers operating only in the summer season will result in supply gaps to the market in the winter and may affect the Co-op's ability to attract and hold customers.

Peak processing capacity for the Hay River plant is based on demand-driven market cycles. When abnormal peaks in deliveries occur, unprocessed fish will be packed and sent to FFMC. Instances such as this, where supply exceeds local market demand, will lower NWT prices in the long run.

Lower winter production means a loss in income to fishers.

Related to the supply risk, DFO is currently working on an integrated management plan for Great Slave Lake, which is scheduled to be released in 2017. If this plan were to overlap with zone management and production targets, it could negatively affect the implementation of this Strategy.

Mitigation

It is anticipated that seasonal gaps will be filled because:

- Subscribers to the IPT program will be assigned monthly targets based on processing capacity and market demand. IPT subscribers will receive bonuses for meeting targets. Production from existing fishers will be expanded.
- Most of the new entrants from Alberta and Manitoba have experience in the winter fishery and may be encouraged to fish in the winter.

The Co-op will consult with fishers to draw up operational plans for meeting sales targets.

The initiatives suggested above are not mutually exclusive. Some may be more effective than others. In the long term, focus will be given to those that are more effective in meeting the production targets.

The GNWT continues to work with colleagues in DFO to keep apprised of the upcoming GSL integrated management plan. Although a full draft has not yet been made available by DFO for review, the GSL integrated management plan is not anticipated to have a negative effect on the GSL fishery or this Strategy. The GNWT will continue communication with DFO to ensure that any potential change in this situation is identified early.

Pricing Risk

Under the business plan a two price system has been established in which the Co-op will match prices set by independent fishers. Export prices will be based on FFMC Transcona's prices, which are significantly less than the northern price. Public pressure can be expected once the public learns that they are paying more for frozen GSL fish than southern customers. The difference will be less for fresh products as there is a premium for fresh product.

Mitigation

The Tu Cho Co-op will have flexibility to set prices based on market conditions. Discounts will be given to customers who take advance orders as well as customers who hold inventory. Most of the price flexibility will be on frozen inventory as there is a cost of holding inventory.

Market Risk

The FFMC may not agree to allow the Co-op's expansion into the south of 60 market. The President of FFMC has given notice of FFMC's willingness to negotiate a five-year partnership framework that may pave the way for the ultimate withdrawal of the NWT from the FFMC. In recent years, the FFMC has been losing money in its northern operations. The situation is made worse because fish from GSL are dumped into the market when it is weakest. These losses affect all fishers and give the GSL Fisher's Co-op some leverage in negotiating an agreement.

Mitigation

The NWT is the last jurisdiction outside of Manitoba regularly supplying fish to the FFMC. GSL's historical importance to the FFMC stems from the fact that it provides an opportunity to meet the higher demand in the winter.

Discussions with the Alberta Government will provide some leverage in accessing the Alberta market. If the FFMC does not agree to cooperate, which is not anticipated, there is the option for the NWT to withdraw from the FFMA.

Scheduling Risk

If sufficient fishers do not agree to register under the IPT program, it could mean an over or under supply at the processing plant. IPT program targets are based on anticipated sales. Enrollment in the IPT program is voluntary. Profitability will suffer when targets are not met or exceeded.

Mitigation

Under the program, it is anticipated that higher prices would be provided to IPT registrants. The overall GSL target production for the IPT program is matched to anticipated sales of processed fresh or frozen filets and will include a bonus structure that rewards fishers for meeting or exceeding targets.

A cost of production formula will be one of the factors in setting prices. This is intended to offset any additional expenses from operation in the remote areas or in the winter season.

Capital Risk

The Strategy is dependent on external financing to acquire the capital necessary to upgrade the Hay River plant and to implement a collection system for the remote fisheries.

The GSL fishery is stable today as a seasonal fishery, in that fishers have lowered their costs to the point that they are breaking even or are willing to accept losses because of earnings in other areas, such as the higher prices paid to fishers in the northern market. Under the legislation, the FFMC has the duty to purchase any fish offered for sale.

Mitigation

ITI has made $1.41 million in funding available for the NWTFF to leverage a $2.3 million contribution from CanNor. The FFMC's duty to purchase guarantees a business model for any fish caught beyond the demand of the northern or private markets. In the case that funding is delayed, the fishery will remain stable and ITI will continue to work with all parties to address any remaining concerns CanNor may have.

Key Focus Areas for Revitalization

Focus Area 1: Add Value to the NWT Economy

A sustainable industry can be achieved at various scales of production. At the targeted levels of production, it will be necessary to make significant investments to upgrade processing capacity and to re-establish lakeside collection infrastructure.

Objectives

- Value-added to the NWT economy;
- Increased average prices paid to fishers by accessing the higher-value domestic market; and
- Economies of scale from increased production.

Recommended Actions

Timeline: Medium term (2-3 years)

1. Replace FFMC's Hay River processing plant with a streamlined, federally inspected plant with a rated annual receiving capacity of 900,000 kilograms (unprocessed weight) and a daily processing capacity of 8,000 kilograms, or refurbish existing plant.
2. Invest in North Slave owner-operated processing plants to upgrade receiving processing capacity up to 100,000 kilograms of filets per year.

Timeline: Long term (4+ years)

3. Examine common carrier collection systems for delivering fish from the remote zones for summer and winter, such as packing stations.
4. Lower average processing costs by re-engineering production, processing and marketing cycles.

Focus Area 2: Expanding NWT Market for GSL Fish Products

Prices earned by the privately-operated fishers for GSL fish products sold in the NWT are considerably higher than for those being sold to FFMC. Market research studies will be undertaken to identify clients, potential volumes and supply schedules for the domestic and export markets.

Sales forecasts will be used to set production schedules for the plant as well as individual production targets (IPT) for fishers participating in the IPT program.

Objectives

- Develop a five-year sales forecast for the Hay River fish processing plant.

Recommended Actions

Timeline: Short term (1 year)

1. Develop and maintain a branding/labelling program to promote GSL fish products.
2. Establish a client sales registry with contact names and addresses.

Timeline: Medium term (2-3 years)

3. Complete agreements with fishers.

Timeline: Long term (4+ years)

4. Negotiate with transport carriers to obtain favourable freight rates for shipping fish to NWT communities.
5. Map out supply chain for supply clients.

Focus Area 3: Restart the Remote and in the Winter Fisheries

Previous consultation shows that most fishers feel that due to higher costs of operation, they did not make money in the winter fishery. The Revitalization Strategy proposes that a cost of production (COP) formula be developed to establish premiums (if any) that may be associated with operating in the winter season and in remote areas. The COP data will also be useful in evaluating potential collection systems. Interviews with fishers suggested most fishers would be willing to move operations to the remote zones if some form of collection system was put in place.

Objectives

- Provide whole/fresh and frozen fish to the NWT market throughout the year;
- Increase production capacity in the NWT to serve the domestic and export markets; and
- Re-equip fishers to be able to efficiently deliver fish during the winter season.

Recommended Actions

Timeline: Short term (1 year)

1. Set up an evaluation framework to establish cost of production (COP) assumptions for operating in the remote fisheries in the open water/winter seasons.

Timeline: Medium term (2-3 years)

2. Establish an incentive pricing framework to reward fishers meeting targets.
3. Contract fishers to participate in a limited test fishery.

Focus Area 4: Increase Participation in the GSL Fishery

The entry of northern, Aboriginal and Alberta fishers into the GSL market has increased production by more than 100,000 kilograms. With more experience, the incoming fishers, and the addition of two to three more operators, it is expected that GSL production in the summer fishery could expand by over 200,000 kilograms to 600,000 kilograms (unprocessed weight). The incoming fishers would bring production up to summer targets. To meet winter targets, existing fishers would need to establish winter operations. New equipment may be required to start up the winter fishery. It will also be necessary to replace fishers who intend to leave the fishery in the next five years. Assistance may be required for entering fishers to acquire stranded assets.

Replacing retiring fishers will require training new fishers. The entering fishers will need to have the administrative and operational skills to operate in an environment where production is tied to processing capability.

There will be a continuing need to assist fishers to transfer assets to next generation fishers.

Objectives

- Promote the opportunity for new entrants with vessels/bombardiers and equipment to operate on GSL; and
- Establish a next-generation fisher intern program to support a new generation of fishers that bring the technical, operational and administrative skills needed to operate in the new environment created by the Revitalization Strategy.

Recommended Actions

Timeline: Medium term (2-3 years)

1. Develop a "Welcome to GSL" handbook/registration portfolio to be given to new entrants who may be interested in moving operations to the NWT. The portfolio should include procedures for applying for a commercial certificate/licence, historical catch data, available quota, pricing data, etc.
2. Establish a summer student fishing program to recruit five interns to work with existing fishers. The program would subsidize wages.

Timeline: Long term (4+ years)

3. Establish a two-year fisher intern program to provide recruits with practical and theoretical skills in operation of a marine vessel, water safety, quality control, and financial and administrative management.

Focus Area 5: Access Export Markets

Even at full penetration in the NWT market, there will still be almost 500,000 kilograms (unprocessed weights) that will need to be exported, either in unprocessed form or as fresh and/or frozen filets. Under the *Freshwater Fish Marketing Act* (FFMA), the Alberta market is not open to a processing operation located in the NWT. It is expected that there may be market niches that are more economically served from the NWT than FFMC's plant in Winnipeg. The FFMA allows for exemptions in the form of "Export Licences", which may be granted by the Board or exemptions by regulation approved by the Minister of Fisheries and Oceans that will allow the NWT to serve markets outside the territory directly.

Objectives

- To identify markets outside the NWT that can be served more efficiently from the NWT; and
- To secure an agreement with FFMC to allow the Hay River plant to serve FFMC's markets south of 60 on an agency basis.

Recommended Actions

Timeline: Short term (1 year)

1. Establish the business case that an efficient GSL plant can service designated markets at a cost equal or less than the FFMC's.

Timeline: Medium term (2-3 years)

2. Negotiate a five-year transition agreement to exempt GSL processed fish from the FFMA and to enable the fishery to access niche markets in the western provinces.
3. Meet with the Government of Alberta to explore the possibility of the NWT fishery accessing markets in Alberta not previously served by FFMC.

Timeline: Long term (4+ years)

4. Undertake a market survey south of 60 to identify niche markets not served by FFMC.

Focus Area 6: Align Subsidy Programs to the Revitalization Strategy's Goals

The current production incentive program is universally applied and promotes participation, but not production. This is more important to part-time/casual fishers than the large volume fishers. In 2013, the top 50 per cent of fishers produced 93 per cent of production.

There is currently no support to equalize returns for fishers who work in the higher cost areas. Larger scale operations are critical to the success of the Strategy because they are equipped to serve the more remote areas, have a higher carrying capacity and can operate for longer periods away from port.

Objectives

- Equalize fishers' returns across the lake and between seasons through a cost of production formula that relates costs and prices; and
- Encourage larger scale fishers to enroll in the IPT program.

Recommended Actions

Timeline: Medium term (2-3 years)

1. Implement a pricing formula that incorporates a cost of production (COP) component that equalizes returns on the lake and promotes production.
2. Incorporate a bonus component within the pricing formula that rewards fishers that meet individual production targets.

Timeline: Long term (4+ years)

3. Restructure the current commercial support program to include a reporting fee and introduce a flat rate regardless of production.

Focus Area 7: Empower Fishers to make Decisions to Develop a Viable Fishery

FFMC now takes any fish that is delivered to a FFMC designated receiving station. Under the Strategy, production needs to be aligned with processing/holding capacities and market projections. The NWTFF will need to be consulted on setting production targets for individual members as well as capital infrastructure investments planned for the fishery. In addition, the business arm of the NWTFF, the GSLFC will need to be incorporated. The NWTFF should be asked to nominate representatives to the fisher cooperative's Board of Directors, supported by an Executive Director, and allow management to operate in accordance with standard business practices.

Objectives

- Establish a governance structure for the GSLFC that incorporates best practices for profit seeking companies; and
- Develop communication protocols to ensure that GSL fishers are consulted in resource allocation and pricing decisions.

Recommended Actions

Timeline: Short term (1 year)

1. Appoint a transition team to oversee implementation of the Strategy.
2. Conduct a workshop on governance to give the NWTFF skills and knowledge to provide oversight and direction to the GSLFC.
3. Appoint/elect an interim Board of Directors, supported by an Executive Director, to manage the transition. Appointments should include outside directors with skills in finance, marketing and supply chain management.

List of Recommended Actions by Focus Area

Focus Area 1: Add Value to the NWT Economy

1. Replace FFMC's Hay River processing plant with a streamlined, federally inspected plant with a rated annual receiving capacity of 900,000 kilograms (unprocessed weight) and a daily processing capacity of 8,000 kilograms, or a refurbished plant.
2. Invest in North Slave owner-operated processing plants to upgrade receiving processing capacity up to 100,000 kilograms of filets per year.
3. Examine common carrier collection systems for delivering fish from the remote zones for summer and winter, such as packing stations.
4. Lower average processing costs by re-engineering production, processing and marketing cycles.

Focus Area 2: Expanding NWT Market for GSL Fish Products

1. Develop and maintain a branding/labelling program to promote GSL fish products.
2. Establish a client sales registry with contact names and addresses.
3. Complete agreements with fishers.
4. Negotiate with transport carriers to obtain favourable freight rates for shipping fish to NWT communities.
5. Map out supply chain for supply clients.

Focus Area 3: Restart the Remote and in the Winter Fisheries

1. Set up an evaluation framework to establish cost of production (COP) assumptions for operating in the remote fisheries in the open water/winter seasons.
2. Establish an incentive pricing framework to reward fishers meeting targets.
3. Contract fishers to participate in a limited test fishery.

Focus Area 4: Increase Participation in the GSL Fishery

1. Develop a "Welcome to GSL" handbook/registration portfolio to be given to new entrants who may be interested in moving operations to the NWT. The portfolio should include procedures for applying for a commercial certificate/licence, historical catch data, available quota, pricing data, etc.
2. Establish a summer student fishing program to recruit five interns to work with existing fishers. The program would subsidize wages.
3. Establish a two-year fisher intern program to provide recruits with practical and theoretical skills in operation of a marine vessel, water safety, quality control, and financial and administrative management.

Focus Area 5: Access Export Markets

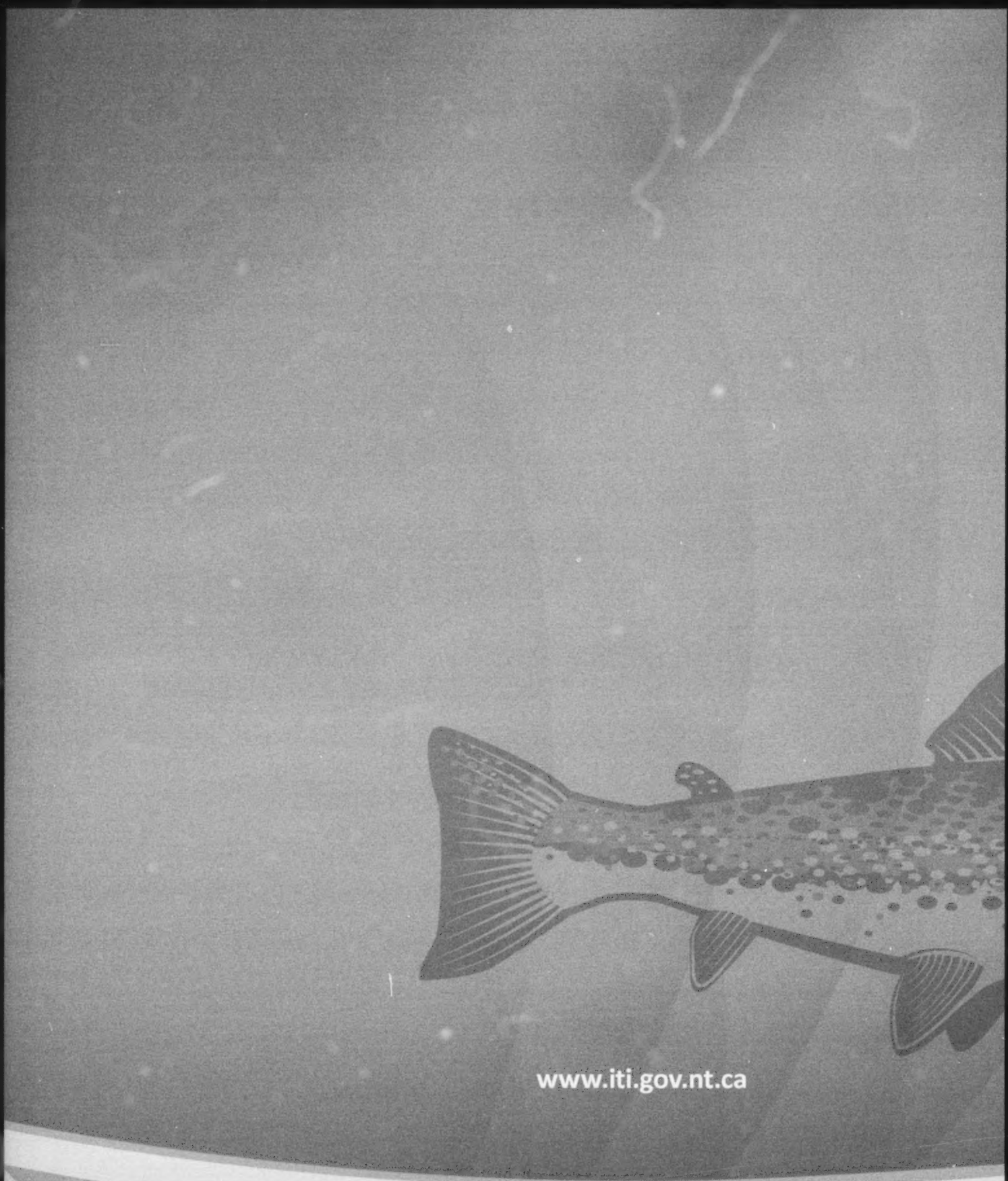
1. Establish the business case that an efficient GSL plant can service designated markets at a cost equal or less than the FFMC's.
2. Negotiate a five-year transition agreement to exempt GSL processed fish from the FFMA and to enable the fishery to access niche markets in the western provinces.
3. Meet with the Government of Alberta to explore the possibility of the NWT fishery accessing markets in Alberta not previously served by FFMC.
4. Undertake a market survey south of 60 to identify niche markets not served by FFMC.

Focus Area 6: Align Subsidy Programs to the Revitalization Strategy's Goals

1. Implement a pricing formula that incorporates a cost of production (COP) component that equalizes returns on the lake and promotes production.
2. Incorporate a bonus component within the pricing formula that rewards fishers that meet individual production targets.
3. Restructure the current commercial support program to include a reporting fee and introduce a flat rate regardless of production.

Focus Area 7: Empower Fishers to make Decisions to Develop a Viable Fishery

1. Appoint a transition team to oversee implementation of the Strategy.
2. Conduct a workshop on governance to give the NWTFF skills and knowledge to provide oversight and direction to the GSLFC.
3. Appoint/elect an interim Board of Directors, supported by an Executive Director, to manage the transition. Appointments should include outside directors with skills in finance, marketing, and supply chain management.



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